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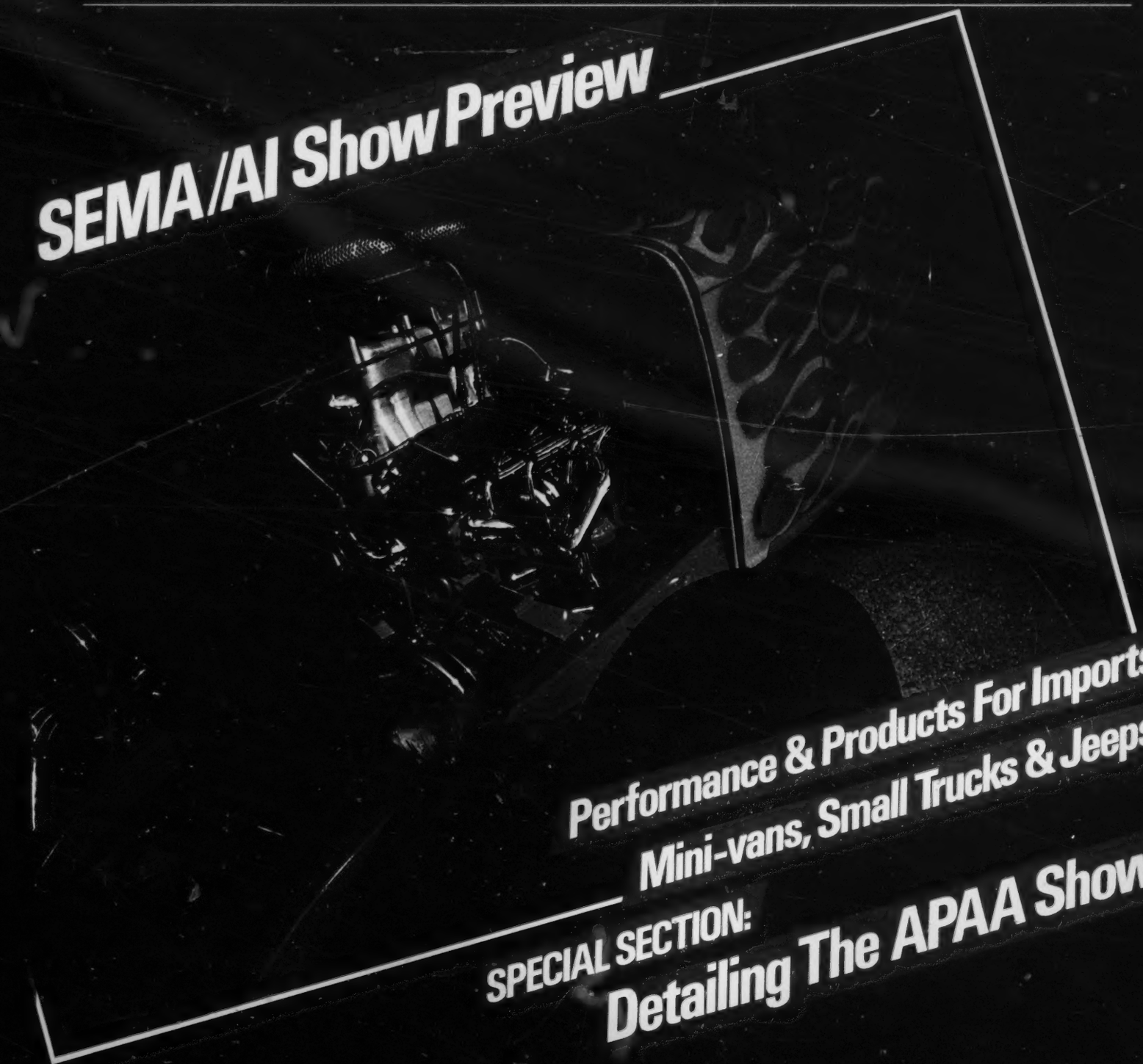
Chilton's

AUTOMOTIVE MARKETING

The Marketing/Business Magazine for the Retail Aftermarket

OCTOBER 1986



SEMA/AI Show Preview

Performance & Products For Imports Mini-vans, Small Trucks & Jeeps

SPECIAL SECTION: Detailing The APAA Show

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About Our Cover: This all steel 1932 Ford coupe is owned and was built by Frank Leonetti of Folsom, PA. The car is chopped and channelled and runs with a mildly modified 350 cu. in. Chevy engine. The custom purple lacquer was mixed and applied by the owner.

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PUBLISHER'S NOTES

SPECIAL MARKETS

New Jeep buyers have the same average annual income as new Mercedes buyers ($79,000). That means, according to research editor Philip Katcher, they'll buy upscale parts and accessories. Contrast that with the annual average income ($34,500) of light truck buyers and items they buy for their vehicles. You've identified different markets.

There're more clues to successfully marketing truck, minivan, and utility vehicle products in Katcher's piece.

To that, we've added contributor Ed Kaufman's wisdom in stories on the performance and import car parts markets.

Your annual checkups should include one for insurance, or "risk management," according to senior editor Gail Krueger-Nicholson. She writes about special coverages...and special risks.

Relive the 1986 APAA Show with "Detailing the APAA Show," sponsored by Radiator Specialty. It previews a monthly feature—"Detailing The Market"—expanding Automotive Marketing's news coverage. It starts in January 1987.

Our retail profiles this month look at two performance operations with stories by contributor Dick Wells and our senior news and feature editor John Wirebach. And there're pages crammed full of products for your review.

Hope you enjoy our SEMA/AI Show issue. Let us know!

Sarah Frankson, Publisher

THE THREE FACES OF LIGHT TRUCK BUYERS

Light trucks, mini-vans, and Jeeps are similar in the eyes of the law, but their owners differ considerably—as do the aftermarket products they buy.

by **Philip Katcher**, Research Editor

Officially, the definition of light trucks, as spelled out by the U.S. Government for tariff purposes, is so vague it includes mini-vans and even utility vehicles (e.g., Jeeps) along with traditional light trucks. In reality, all three vehicle types are different, and their typical owners are even more different. Knowing the differences in the types of owners and the types of products they buy can mean the difference between selling in these markets successfully or unsuccessfully.

The Light Truck Owner

Consider the average light truck owner: male, with a median age of 36 years old—six years younger than the buyer of a full-sized truck. In fact, some automaker representatives call compact pickup trucks "the official youth vehicle" in California.

Otherwise, as reported in several recent studies, the average light truck owner has a household income of $34,500 a year (slightly below the $35,600 median household income for all new car buyers); uses the truck as the household's primary vehicle; and has attended at least some college. Most owners drive their light trucks for personal, rather than business, use.

Generally, the light truck owner profile fits the profile of an average DIYer. Moreover, the light truck owner is predisposed to buy aftermarket products. A General Battery Corp. study indicates that 82% of all light truck owners plan to buy some special equipment or an accessory for their vehicle within the next year. So selling to this group is generally easy. And, most of the products they plan to buy are products especially designed for light trucks, too.

Among the most popular light truck products—products light truck owners themselves mention as being in their future buying plans—are heavy duty shocks, off-road tires, wheels, driving/fog lights, heavy duty springs, lift kits, roll bars, grille guards, electric winches, and exhaust headers. There are, however, other products that many light truck owners don't mention, often because they don't know their benefits.

For example, driving tests have shown that a tonneau cover can improve a light truck's gas mileage 9%; while a cab installed over the bed can improve the mileage an impressive 13%. Knowing things like this helps light truck owners, and they will spend the dollars to improve their vehicles with this type of product.

The Mini-Van Owner

In many ways the mini-van owner is a different sort. The mini-van has begun to take the place of the station wagon, and its owner is more like a typical station wagon owner than a light truck owner. Therefore, his wants and needs differ accordingly. *Newsweek's* recent study, *1986 Buyers of New Cars*, reveals some interesting data about these mini-van owners.

Males make up 68% of mini-van owners; 92% of mini-van owners are married. In all, 6% of new car buyers 25-34 years old, 7% of new car buyers 35-54 years old, and 4% of new car buyers over 55 years old bought mini-vans. The median household income of a mini-van owner is $45,400—notably above that of the typical light truck or passenger car owner household. The mini-van is the principal vehicle in 68% of households with these vehicles.

Most mini-vans are used for getting to and from work—only 11% of their owners reported that their mini-van's principal use is purely pleasure. Finally, 76% of people who bought mini-vans didn't consider buying any other type of vehicle.

Mini-Van Owner Types

The *Newsweek* study also describes the types of people who buy mini-vans. The results were remarkable. The study found that the largest group of mini-van buyers is made up of people who are individualistic in outlook; who are more concerned with what products actually do than the image they present; who are leaders in their professions; and who are self-reliant but careful about their spending, and who are discriminating. In other words, trendsetters, rather than followers, are buying mini-vans.

These findings indicate that there is room for great growth in sales of this type of vehicle—possibly more than in any other type of vehicles, since the trendsetters, who are buying mini-vans, tend to lead the rest of the population in their buying habits.

Mini-van vs. Light Truck Owners

Geographic locations of mini-van owners and light truck owners also differ. By area, 14% of new mini-van owners live in the Northeast; 38% in the North Central; 33% in the South; and 15% in the West. By contrast, most light truck owners are in the northern Rocky Mountain States.

Politically, 45% of new mini-van own-

ADDING, DELETING LIGHT TRUCK PRODUCTS

We asked our retail panel if they planned to add, delete, or keep the same product mix of light truck items in 1987 as they had in 1986.

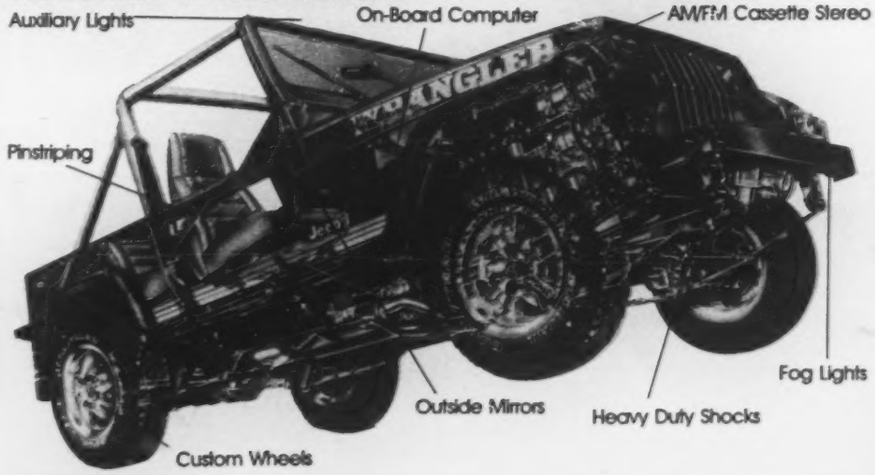
Source: *Automotive Marketing* Retail Panel

LIGHT TRUCK BUYERS

ers consider themselves conservatives, while only 19% say they are liberals. The rest are middle-of-the-road voters.

Mini van owners will not buy traditional light truck items. Not for them, the off-road lights, roll bars, gun racks, musical horns, and tool boxes that traditional light truck owners snap up. Yet there are a number of products that mini-van owners will purchase. Generally, they are the same type of products that luxury car or station wagon owners buy. They want functional accessories, things that do a specific job rather than things that go flash in the night. Things like floor mats, fog lights, security devices, and good audio equipment are what mini-van owners want and will buy.

CUSTOMIZING THE UTILITY VEHICLE



The accessories added to the average utility vehicle are ones that tend to make it a more "civilized" vehicle.

Courtesy AMC Corp.

The Jeep Owner

Then, there's the Jeep and similar utility vehicles. Owners of these vehicles are different from mini-van and light truck owners. Still officially "light trucks," these vehicle owners are largely male—American Motors, which makes Jeeps, says 82% of Jeep buyers are male. And their average income is $79,000 (around the same as the average Mercedes buyer's income), which makes Jeep owners the best heeled of these groups.

Many Jeep owners are not really DIYers—at least conventional blue-collar, low-income DIYers. Any work they do on their vehicles is done strictly for pleasure, and is not apt to be involved, complicated repair work. They get their service and installation work done professionally. Indeed, as most of them are professionals themselves, they prefer to have other professionals handle technical jobs.

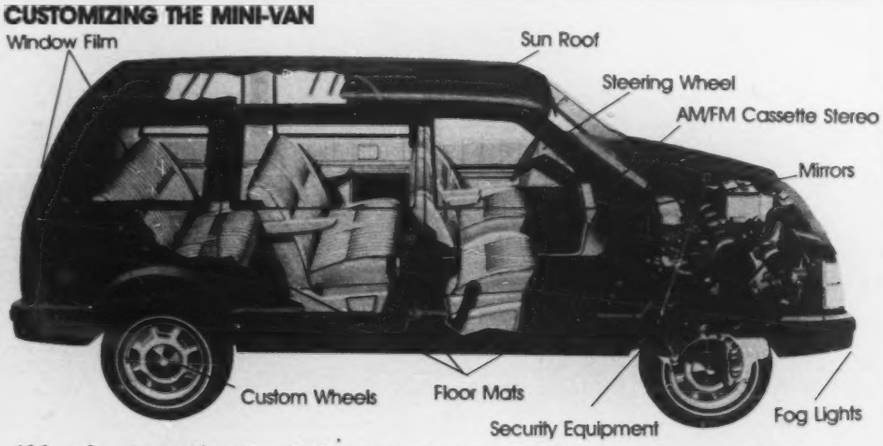
They seek a certain automotive style that projects a rough, macho look. But they really aren't frontier type people; they're doctors rather than farmers. One owner of 21 Texas car dealerships, including some that sell Jeeps and similar vehicles, was recently quoted in *Forbes* as saying, "I'd guess 90% to 95% of the ones we sell never get off the road." And, utility vehicle owners pay big money for that style, as much as $24,000 for a fully-equipped top-of-the line Jeep Grand Wagoneer. Despite the costs, these vehicles are getting more popular. Total Jeep sales in California—long a trend-setting state—climbed 25% in the first half of 1986 from 1985.

Jeeps, and similar vehicles, are not primary household vehicles. Their owners rarely drive them back and forth to work. They're fun vehicles, used to tool around on weekend afternoons. President Reagan has two he drives around on his California ranch; Ex-President Ford drives around Palm Springs, CA, in his.

That's not to say that Jeep owners don't patronize the aftermarket. People who are as conscious of making a statement about themselves through their vehicles as Jeep owners are tend to customize their vehicles. They want fancy paint jobs, pinstriping, and extra lights outside, while inside they put on fancy seat covers (nothing but top-of-the-line is good enough for them), good AM/FM cassette stereos and speakers, on-board computers, and—would you believe—even air conditioning.

Selling to this group means stocking and merchandising top-of-the-line products; nothing but the best in accessories will do for this crowd.

CUSTOMIZING THE MINI-VAN



Although not considered a vehicle that is often customized, mini-van owners do add a number of accessories to their basic vehicles.

Courtesy Chrysler-Plymouth

Selling These Markets

Therefore, the three types of "light trucks" differ widely. Their owners are even more different. The retailer who wants to sell into the overall "light truck" market has to accept these differences and direct his merchandising accordingly—basic light truck products to traditional light truck owners, luxury car and station wagon accessories to mini-van owners, and flashy show-off products to Jeep and similar utility vehicle owners.

Advertising should differ according to groups; light truck and Jeep owners are looking for fun while mini-van owners are looking for function. Displays should differ, with mini-van equipment mixed with ordinary passenger car merchandise, while light truck and utility vehicle accessories should be prominently displayed by themselves. Even pricing points should differ, with higher margins on Jeep and mini-van products possible since their buyers shop for quality rather than price.

Making these differences part of the "light truck" merchandising programs will ensure their success. ■